

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-08 FRB-03 TRSE-00

XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 HA-05 /093 W

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R 261030Z JAN 78

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC 6107

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY CARACAS

AMEMBASSY KINGSTON

AMEMBASSY PARAMARIBO

AMEMBASSY PORT OF SPAIN

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E.O. 11652: N/A

TAGS: ELAB, GY

SUBJECT: GOF REDEPLOYMENT PROGRAM

REF: 77 GEORGETOWN 2090

SUMMARY: THE MOST CONTROVERSIAL AND POLITICALLY EXPLOSIVE ASPECT OF THE GOG'S ECONOMIC AUSTERITY PROGRAM TO DATE IS THE "REDEPLOYMENT" PROGRAM. IT INVOLVES THE REASSIGNMENT OF GOVERNMENT WORKERS FROM WHITE COLLAR JOBS TO PRODUCTIVE WORK IN OTHER AREAS, PARTICULARLY AGRICULTURE. IN ADDITION TO REASSIGNMENT OF EMPLOYEES, AN APPARENT GOG OBJECTIVE IN THE "REDEPLOYMENT" EFFORT IS TO REDUCE THE OVERALL NUMBER OF GOVERNMENT WORKERS. SOME OFFICE WORKERS REPORTEDLY ARE QUITTING GOVERNMENT SERVICE RATHER THAN TAKE JOBS SUCH AS CUTTING CANE. SINCE DECEMBER 30, ABOUT 3,000 GOVERNMENT WORKERS REPORTEDLY HAVE RECEIVED THEIR REDEPLOYMENT NOTICES AND ANOTHER 1,000 WILL RECEIVE THEIRS SOON. SEVERAL

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LABOR UNIONS AND THE OPPOSITION PARTIES ARE CAPITALIZING ON THE REDEPLOYMENT PROGRAM BY AROUSING OPPOSITION TO THE GOG. GOVERNMENT LEADERS ARE AWARE OF THE POTENTIAL FOR POLITICAL TROUBLE BUT CAN SEE NO ALTERNATIVE IF THE GOG IS TO IMPOSE THE AUSTERITY PROGRAM NECESSARY TO MEET IMF STANDARDS AND PUT THE ECONOMY IN BALANCE. END SUMMARY.

1. WHEREAS GOG AUSITERITY MEASURES, SUCH AS THE TOTAL BAN

ON IMPORTS OF AUTOMOBILES, THE ADDITION OF MORE FOOD STUFFS TO THE PROHIBITED IMPORT LIST, THE STRICT RATIONING OF AVAILABLE FOREIGN EXCHANGE FOR TOP PRIORITY IMPORTS AND DEBT PAYMENT, CAUSED SHORTAGES AND MUCH GRUMBLING AND INCONVENIENCE, THEY DID NOT LEAD TO SERIOUS POLITICAL TROUBLES FOR THE GOG. NOR DID THE 1977 MEASURES, STRINGENT AS THEY WERE, PUT THE ECONOMY BACK IN BALANCE. AS 1977 WORE ON AND THE DETERIORATION OF THE ECONOMY CONTINUED, AND THE DEFICITS IN BOTH THE GOG BUDGET AND FOREIGN EXCHANGE ACCOUNTS WERE NOT REVERSED, GOG LEADERS BEGAN TO SPEAK OF ADOPTING TOUGHER AUSTERITY MEASURES. ONE OF THESE MEASURES, "REDEPLOYMENT", WAS ANNOUNCED BY PRIME MINISTER BURNHAM IN AUGUST DURING HIS FINAL SPEECH ANNOUNCING DECISIONS OF THE BIENNIAL CONGRESS OF THE GOVERNING PEOPLE'S NATIONAL CONGRESS (PNC) PARTY. BURNHAM TOLD THE NATION THAT THERE WOULD BE BOTH REDEPLOYMENT (TRANSFER OF WORKERS TO MORE PRODUCTIVE JOBS) AND RETRENCHMENT OF GOVERNMENT WORKERS. THIS WAS FOLLOWED BY THE APPOINTMENT OF GOVERNMENT/LABOR/MANAGEMENT COMMITTEES TO PLAN THE REDEPLOYMENT.

2. ACTUAL REDEPLOYMENT DID NOT BEGIN UNTIL DECEMBER 30, 1977 WHEN ABOUT 400 REDEPLOYMENT NOTICES WERE SENT TO EMPLOYEES OF THE MINISTRY OF NATIONAL DEVELOPMENT.
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SINCE THEN, ABOUT 3,000 GOVERNMENT WORKERS IN VARIOUS MINISTRIES AND AGENCIES HAVE RECEIVED THEIR REDEPLOYMENT NOTICES, AND ANOTHER 1,000 ARE STILL TO RECEIVE THEIR NOTICES DURING THIS FIRST PHASE OF THE REDEPLOYMENT PROGRAM. THE DEPTH OF THE CUTS IS INDICATED BY THE FACT THAT IN THE MINISTRY OF NATIONAL DEVELOPMENT THE TOTAL WORK FORCE WAS 800; THEREFORE, THE CUT IN THAT MINISTRY WAS 50 PERCENT. ONE MINISTER TOLD EMBASSY EARLIER IN JANUARY THAT THE CUTS IN GOG EMPLOYEES WOULD AVERAGE 28 PERCENT.

3. THE PROCEDURES USED FOR REDEPLOYMENT ARE AS FOLLOWS:

- A) AS REDEPLOYMENT NOTICE IS SENT TO THE AFFECTED WORKER INFORMING HIM/HER THAT HE CAN NO LONGER BE EMPLOYED IN HIS PRESENT CAPACITY BUT "SOME PRODUCTIVE SECTORS OF THE ECONOMY WILL NEED ADDITIONAL MANPOWER."
- B) SUBSEQUENTLY, THOSE BEING REDEPLOYED RECEIVED LETTERS INFORMING THEM THAT INFORMATION ON NEW EMPLOYMENT WOULD SOON BE FORTHCOMING AND IN THE MEANTIME THEY WERE CONSIDERED TO BE ON SPECIAL LEAVE BUT THEY WOULD DRAW THEIR FULL PAY.
- C) WHEN A NEW JOB IS FOUND, THE EMPLOYEE IS GIVEN ONE

WEEK TO DECIDE

WHETHER TO ACCEPT IT. IF HE DOES, HIS
SENIORITY AND OTHER BENEFITS GO WITH HIM TO HIS NEW EM-
PLOYMENT. IF HE DECLINES TO ACCEPT THE NEW WORK, HE IS
TERMINATED FROM GOVERNMENT SERVICE, BUT RECEIVES WHAT-
EVER SEVERANCE PAY AND OTHER BUNEFITS THAT HE HAS EARNED.

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4. INITIALLY, THE GOVERNMENT APPARENTLY INTENDED TO
SIMPLY FIRE MANY OF THE EMPLOYEES RATHER THAN REDEPLOY
THEM BUT LABOR LEADERS REPORTEDLY THREATENED TO WITHDRAW
THEIR CONDITIONAL ACQUIESCENCE FROM THE PROGRAM. HOW-
EVER, TO DATE MOST OF THE NEW JOBS FOUND FOR WORKERS
HAVE BEEN IN AGRICULTURE, IN MENIAL JOBS SUCH AS CUTTING
CANE. AS MANY OFFICE WORKERS ARE UNWILLING OR UNABLE TO
DO SUCH HEAVY WORK, THEY REFUSE THE JOB. THE GOG HAS
ANNOUNCED THAT THOSE PERSONS WHO CAN SHOW A VALID REASON
WHY THEY CANNOT ACCEPT THE NEW JOB WILL BE GIVEN
ANOTHER CAHANCE.

5. THE REDEPLOYMENT POLICY CAN INTO EFFECT SIMULTAN-
EOUSLY WITH AN INCREASE IN THE MINIMUM WAGE. ON JANUARY
1, 1978 THE BASIC MINIMUM WAGE RATE FOR ALL GOVERNMENT
EMPLOYEES WENT UP TO US\$4.40 A DAY (US\$101.36 A MONTH)
FROM THE PREVIOUS US\$3.35 A DAY (US\$78.57 A MONTH).

GIVEN THE GOG'S CURRENT FINANCIAL DIFFICULTIES IT WILL
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BE HARD PRESSED TO MEET THE NEW WAGE BILL. THE OPPOSITION
PRESS HAS LINKED REDEPLOYMENT AND THE INCREASE IN
MINIMUM WAGE BY ALLEGING THAT A PURPOSE OF THE FORMER
IS TO REDUCE THE SIZE OF THE GOG PAYROLL SO IT CAN PAY
THE MINIMUM WAGE TO THOSE WORKERS REMAINING. ALTHOUGH
THE OPPOSITION'S CHARGES MAY HAVE SOME VALIDITY, THE
GOG'S MAIN MOTIVATION APPEARS TO BE A NEED TO SHIFT MAN-
POWER FROM THE UNPRODUCTIVE PAPERWORK OF GUYANA'S
BUREAUCRACY TO SECTORS OF THE ECONOMY THAT ARE DIRECTLY
RELATED TO PRODUCTKBN. IT IS GENERALLY ACCEPTED
AMONG GUYANESE LEADERS THAT THE GOG HAS NO ALTERNA-
TIVE BUT TO IMPOSE A SEVERE AUSTERITY PROGRAM, MEET THE CON-
DITIONS REQUIRED BY IMF AND PLACE THE ECONOMY ON A SOUND FOOT-
ING. THE REDEPLOYMENT PROGRAM IS CLEARLY PART OF THAT EFFORT.

6. REDEPLOYMENT HAS BECOME A CONTROVERSIAL POLITICAL
ISSUE IN GUYANA. THE MARXIST-LED OPPOSITION, HAVING
ABANDONED THE 135 DAY SUGAR STRIKE, HAS RECOGNIZED REDE-
PLOYMENT AND OTHER ASPECTS OF THE GOG'S AUSTERITY PROGRAM
AS PRIME TARGETS FOR POLITICAL EXPLOITATION. SOME LABOR
UNIONS ARE ALSO JOINING THE FRAY, AS HAVE THE RADICAL
SPLINTER PARTIES. AT A PUBLIC MEETING ON REDEPLOYMENT
ON JANUARY 19 SPONSORED BY THE GUYANA PUBLIC SERVICE
WORKERS UNION, THE HEAD OF THE NATIONAL REDEPLOYMENT
COMMITTEE, CLARENCE BLUE, WAS PEPPERED WITH CRITICAL
COMMENTS AND QUESTIONS. THE MOOD OF THE AUDIENCE, WHILE
CONTROLLED, WAS DEFIANT. SEVERAL UNIONS AND OPPOSITION
LEADERS HELD A MEETING AT THE HEADQUARTERS OF THE
NATIONAL ASSOCIATION OF AGRICULTURAL AND INDUSTRIAL
WORKERS (NAACIA) UNION ON JANUARY 24 AND DECIDED TO
FORM A WORKING GROUP TO DEAL WITH THE GOG AND TO STAGE
A PUBLIC DEMONSTRATION AGAINST REDEPLOYMENT ON
JANUARY 27 IN FRONT OF PARLIAMENT BUILDING.

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7. GUYANESE LEADERS WERE AWARE OF THE POLITICAL DANGERS
INVOLVED IN REDEPLOYMENT, AND WERE ACUTELY AWARE THAT
THOSE WHO LOST JOBS CONCURRENTLY WITH A RISE IN THE
MINIMUM WAGE WOULD BECOME BITTER. MOREOVER, THOUGH NO
OFFICIAL ANNOUNCEMENT HAS YET BEEN MADE, THE GOG HAS
DECIDED TO REMOVE SUBSIDIES FROM MANY OF THE BASIC
FOODSTUFFS--AGAIN AS A PART OF ITS EFFORT TO COME

TO TERMS WITH THE IMF--AND OFFICIALS EXPECT A FURTHER
PUBLIC OUTCRY AS A RESULT. AN EXPLOSIVE POLITICAL SITUATION
HAS BEEN CREATED. OFFICIALS ARE HOPING TO AVOID THE
SPARK THAT WOULD CAUSE IT TO ERUPT INTO RIOTING AND
VIOLENCE.
BURKE

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